



Irish Life Weekly Investment Bulletin

The week that was – WEEK 29 (ending 15/07/2016)

“ In the end, it's not the years in your life that count. It's the life in your years” – Abraham Lincoln

The Bank of England surprised – markets by holding off on an interest rate cut. On August 4th at his quarterly press conference Governor Mark Carney will have the opportunity to outline the bank's actions and his intentions going forward.

Chinese GDP growth for Q2 was 6.7% – slightly above the market expectation of 6.6%. Industrial production was up 6.2% in the year to June, ahead of the 6% forecast and retail sales were up 10.6% on the year versus an expected 10%. While the usual caveats apply to the Chinese macro data, it looks on paper at least that the economy has weathered the market turmoil around the turn of the year.

Great week for equity markets – with most indices up by about 4%. Japan's Nikkei the star performer with +9% in local terms. Markets were supported by strong US Non-Farm Payroll last week and political progress in the UK. Q2 earnings reports will gain momentum over the coming weeks with some early encouraging results from JP Morgan.

Germany – managed to sell a new 10 year Government bond with a zero coupon and a negative yield of minus 5bps.

New UK Government now in place – including a number of high profile Brexiters geared towards triggering Brexit but the timeframe still remains uncertain.

Taoiseach Enda Kenny – met with German Chancellor Angela Merkel. They discussed recent events and stressed how seriously these developments could shape the future of Europe. Given the open nature of both countries, it was agreed to focus on defending common values via the sharing of insights.

The Story of the week: An app that began as an April fool's joke has become a worldwide phenomenon, taking gamers out of the living room and on to the streets as they compete to capture, train and battle Pokémon characters using their mobile phones. It has also quickly led to an unexpected side effect, a number of reported Pokémon-related injuries, everything from broken arms to hips. Some have even reported mishaps while seeking Pokémon and driving. This bears repeating folks, do not Pokémon Go and drive.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 15/07)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-14.0
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	6.8
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-7.2
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	7.0
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	0.4
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-13.3
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	5.7
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	1.7
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
U.S.	1.9	1.7	3.0	2.2	2.2	1.6
German	1.8	1.4	1.9	0.5	0.6	0.0
UK	2.0	1.9	3.0	1.9	1.9	0.8
Japan	1.0	0.7	0.7	0.3	0.2	-0.2
Ireland	8.4	4.5	3.4	1.3	1.1	0.5
Italy	7.1	4.6	4.1	2.1	1.6	1.2
Greece	31.7	12.7	8.2	9.6	7.9	7.6
Portugal	13.4	6.9	6.1	2.7	2.5	3.1
Spain	5.1	5.4	4.1	1.6	1.7	1.2
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/€)	1.30	1.31	1.37	1.21	1.09	1.10
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.84
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.32
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	2.9 (to end of Q1)
U.K.	8.1	2.7	10.7	17.8	13.1	1.1 (to end of Q1)
U.S.	14.5	5.3	11.4	11.2	12.1	2.1 (to end of Q1)

*Past performance is not a reliable guide to future performance